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SUBJECT: CHILE: READY FOR AN ENERGY PARTNERSHIP, PLANS RENEWABLE ENERGY CENTER, AND REQUESTS PILOT PROJECTS

REF: 08 SANTIAGO 1087

11. (SBU) SUMMARY: In recent conversations with the Ambassador, Energy Minister Tokman has outlined Chile's desire to be a strong partner under the proposed Energy Partnership of the Americas and its interest in increasing U.S.-Chile collaboration on energy efficiency and renewable energy. Tokman sketched out Chile's plan for a renewable energy center that might eventually involve other countries in the region. He also solicited U.S. support for a proposed 10-15 megawatt solar project in northern Chile and made the case for Chile as a site for renewable energy pilot projects given its natural resource endowments (solar, wind, tidal). Tokman's unwavering message has been that the GOC is eager to engage with the new administration and Chile is ready, willing, and uniquely positioned because of its resources to participate in the development of renewable energy technologies and to play an active role hemispherically on renewables and energy efficiency. End summary.

#### Chile Plans Renewable Energy Center

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12. (SBU) Prior to his recent trip to Washington to meet with Energy Secretary Chu, Energy Minister Tokman met with Ambassador Simons and ESTHoff on February 17. Tokman outlined Chile's plans to develop a renewable energy center. The center would act as an information clearing house, provide the status of developing technologies in various countries (e.g., microalgae in the U.S.), as well as help researchers to network and avoid duplicating efforts. Another function would be to share best practices/policies to promote renewables. The center would also provide information on Chile's natural resources (e.g., wind mapping) to encourage foreign investment. According to Tokman, the center would be public policy oriented, linking universities, industry consortiums, and businesses. Tokman also mentioned that Chile's economic development agency, CORFO, is launching a financial instrument to provide loan guarantees and research subsidies for renewable projects.

13. (SBU) Tokman said Chile anticipates coordinating the proposed center's activities with the new International Renewable Energy Agency (IRENA). He was extremely eager to discuss Chile's concept for a renewable energy center with U.S. officials to see how it might be used in connection with the Obama Administration's proposed initiative on an Energy Partnership for the Americas. Tokman also asked about resources for alternative energy in the new U.S. stimulus bill, and whether they would benefit Lawrence Berkeley National Lab, with whom the GOC has developed a strong relationship. Overall, Tokman expressed his keen interest in establishing strong relations with the new U.S. administration and exploring ways that Chile can play a more active role in the region on renewables and energy efficiency.

Readout of Washington Meetings: Very Successful  
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14. (SBU) Upon his return from Washington, Tokman reviewed his very positive meetings with Energy Secretary Chu and State Department officials. In his meetings, he said he outlined Chile's exposure to energy shortages and price volatility risks due to its reliance on hydropower and imported natural gas and petroleum. He stressed that implementing energy efficiency measures reduced Chile's demand for electricity in 2008 compared to the prior year. He also indicated Chile's continued interest in collaborating with the U.S. on energy efficiency and renewable energy, offering Chile as an excellent site for any DOE pilot projects.

15. (SBU) Tokman further emphasized Chile's desire to be a strong partner under the proposed Energy Partnership of the Americas. He expressed hope that the U.S. would join IRENA, signed into existence in January 2009. In addition, Tokman highlighted the Chile-California Partnership and Chile's strong interest in continued work with Lawrence Berkeley National Laboratory.

Energy Minister Requests Chile-U.S. Partnership on Clean Energy  
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16. (SBU) Following the meeting with Secretary Chu, Tokman said he met with WHA PDAS Craig Kelly, WHA/EPSC Director Matt Rooney, and WHA/EPSC Energy Officer Faith Corneille. Tokman opened the meeting by saying he wanted to discuss concrete ideas on renewable energy. He suggested that, as a developing country with a large economy using clean energy technology to grow, Chile could be a good U.S.

partner and an example to the region.

17. (SBU) During the meeting, Tokman asked for USG support on the renewable energy center, including liaisons from U.S. labs to "transfer knowledge," to inform public policy and project development. He envisions the center as initially focusing on Chile, while drawing on global expertise. Tokman was open to inviting other countries from the region to participate at a later date. He said Chile has funding for the center. In a separate conversation with ESTHoff, CNE's Deputy Director of International Affairs Corissa Petra emphasized the high priority placed on this initiative by revealing that planning for the center will be overseen by a member of President Bachelet's cabinet.

18. (SBU) In the course of the meeting, Tokman renewed his November 2008 request (reftel) for the U.S. to match \$15 million in GOC subsidies for the capital costs of a solar generation plant in northern Chile. The GOC plans to offer the project via public tender (reftel). In addition, he asked if U.S. companies would be competing for the 10-15 megawatt solar project and underscored that the GOC will award the project to the company that requires the least amount of subsidies. EPSC noted that OPIC has renewable energy funding available. Tokman solicited USG support in developing pilot projects for tidal and ocean energy. He mentioned that Chile is also seeking support from the United Kingdom in this area.

Chile Has Resources and Political Will for Energy Partnership  
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19. (SBU) COMMENT: Chile is eager to engage with the new administration and is ready, willing, and uniquely positioned because of its natural resources (wind, solar, geothermal, ocean tides) to participate in the development of renewable energy technologies. Moreover, Chile has the capacity to play an active role in Latin America on renewables and energy efficiency, and would make a good U.S. partner on these issues. Post encourages Washington to include Chile when developing the policy, mentioned by both President Obama and Secretary Clinton, on an Energy Partnership for the Americas. End comment.

11. (U) This cable was cleared by Department of Energy.  
SIMONS